

WRITTEN STATEMENT

of

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Commissioner,
Federal Communications Commission

on

Oversight of the Federal Communications Commission – the 700 MHz Auction

Before the
Subcommittee on Telecommunications and the Internet
United States House of Representatives

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Deborah Taylor Tate**

Good morning Chairman Markey, Ranking Member Stearns, and distinguished members of the Committee. Thank you for the opportunity to be here with you today. I have a brief opening statement and then I look forward to answering any questions you may have.

To effectuate the DTV transition mandated by Congress, the Federal Communications Commission will transition 108 megahertz of spectrum in the 700 MHz band from broadcasting to other uses, including new and exciting commercial services as well as critical public safety services. Recently, the Commission held an auction for 62 megahertz of this spectrum in the 700 MHz band. Auction 73, as it is known, met with historic success, as well as some disappointment regarding the D block.

Auction 73 raised almost \$19 billion in net winning bids. Given that the Congressional Budget Office estimated auction receipts of \$10 billion to perhaps as much as \$15 billion, the auction was clearly a financial success, especially considering the current climate of extreme financial uncertainty on Wall Street and Main Street.

Further, the auction was a success from a technical perspective. The auction software worked flawlessly. The Commission also applied anonymous

bidding rules for all of the participants in Auction 73 to limit collusion between bidders and thus prevent anti-competitive outcomes. Our auctions team handled over 261 rounds, applied the Commission's rules fairly and performed its duties well. Indeed, we can all be proud of the Commission's auctions procedures and capabilities, which have served as a template for officials and experts from all over the world.

In addition, a bidder other than a nationwide mobile service provider won a license in every market. Also, U.S. Cellular, the nation's sixth-largest mobile telephony provider with 6 million subscribers, won 152 licenses in all 26 states in which it provides service. This is strong evidence that regional carriers are providing strong competition. We also helped small businesses by applying our designated entity (DE) rules to the auctioned portions of the 700 MHz band, and with good results. In Auction 73, more than half of the winning bidders claimed DE status. In short, the Commission made efforts to ensure that small and regional service providers could participate in this auction, and many of them did so successfully.

I also want to stress other significant benefits of this auction – in particular, the potential for exciting new players and entirely new business models to be part of our wireless future. For example, Cox Communications, the nation's third-largest *cable* company, won licenses in Auction 73 and the AWS auction that will give it coverage in all 35 of its markets in 18 states. Cox – which currently offers

video, Internet, and wireline phone service – now will be able to offer what more and more customers want: mobility, the long-sought-after quadruple play. We see another exciting possibility with the purchase of many licenses by a satellite service provider, DISH Network. The spectrum acquired by DISH Network might be ideal for mobile broadband, or mobile video, or other uses. The auction results thus show great promise for increased competition between not only traditional telecommunications providers but further innovation across many platforms in this dynamic, expansive wireless market.

While some commenters sought full open access in the 700 MHz band, the Commission took a more measured approach. Specifically we limited this rule to a single block, the 700 MHz C block, and did not apply it to any other blocks or to any existing, already licensed spectrum in which providers had already invested in deploying networks. We also limited this rule to devices and applications.

However, the potential for networks that are even more open is already occurring today. We don't have to wait for services in this particular block, so perhaps our success should not be viewed block by block, but rather in the overall impact we have had so that consumers can move from device to device, market to market. Having just returned from the CTIA 2008 wireless show, I can attest to the explosive growth in devices and applications that provide mobile video and mobile broadband in an increasingly open environment.

Certainly a key issue of concern in today's hearing is the 700 MHz D block, spectrum that the Commission set aside for a commercial licensee to build and operate a nationwide, interoperable broadband network that would support public safety users. As members of this Committee know, our public safety community unfortunately still lacks a truly interoperable nationwide communications network, much less a broadband one. Advanced technology brings real opportunities to assist law enforcement, fire fighters, and emergency medical personnel with critical information as they arrive at a hostage scene, rush into a burning building, or share real-time information with teams from different governmental entities in different jurisdictions. Our citizens deserve such life-saving benefits, especially when these technologies are already available today.

To that end, with input from Congress, from the public safety community, and from industry, last year the Commission established a unique set of rules to require a commercial licensee in the D block to partner with and serve public safety. Our rules allowed public safety a significant degree of control over what that partnership would entail and how the network would function. Unfortunately, no bidder met the reserve price for this spectrum block in Auction 73. As a result, we have an opportunity to return to this critical issue, knowing what we know now, and learn from this experience. The good news is that we all share the same goal of true interoperability and providing our public safety agencies with the next-generation technology and safe and secure networks to support them,

whether responding to one citizen or protecting our homeland. Since the close of the quiet period for Auction 73, I have met with representatives from public safety as well as industry to get their perspective. I welcome the opportunity to have this dialogue today to get your perspective and hope that we will be able to set in motion the appropriate rules to successfully complete our mission in the most timely, efficient and effective manner possible.

Again, I appreciate your invitation to be here with you today. I am pleased to answer any questions you may have.